

COMING OF AGE

I N C O R P O R A T E D

Baby Boomer Marketing & Senior Marketing

Aging Markets Myopia **Why Companies Must Change Their Frame of Reference** **About Baby Boomer & Senior Markets**

By Jim Gilmartin

The Crisis of Faulty Paradigms

There is a service crisis in the United States, and many companies don't know it. The price of their ignorance will be significant. Companies will be shaken by their inability to render customer services to the 40+ populations, and the spoils will go to those companies who perceive the crises, and out-service their competitors. With the market at *more than 100 million*, and growing at a rapid rate, clearly, the aging boomer and senior customer is the "New Customer Majority" today's target population, and, even more so, tomorrow's.

The penalty is growing for those companies that render insensitive service. Aging customers are smarter than companies think they are, and they are willing to take their dollars elsewhere. Business people seem to know that good customer service is essential for the health of their organization and for survival in a highly competitive industry, but paradoxically, service may be getting worse for the largest segment of their market.

There is great lip service, as can be seen in many annual reports, and the revered wisdom of consultants supports the need for quantum leaps in service improvement to these populations. Yet, companies rarely succeed in delivering outstanding services to this significant share of their total market. Moreover, in many instances, rarely try.

Is the baby boomer and senior customer king? We think not. Why is there such a gap between customer expectation and performance? Several factors cause the gap:

- Unfortunately, too many company leaders/managers do not understand the reasons for the service crises
- Management is aware of the surface problems but do not understand the seriousness of the deep and abiding reasons that drive customers away
- The information that companies look at is misleading or incomplete; they do not think the service problem is as serious as it is
- Research findings tell us that, in general, employees have negative attitudes toward the senior adult or "Myth-interpret" their actions, values, needs or behavior
- Most companies take a programmatic or tactical, rather than a strategic approach to product, service and communications development and management.

Satisfaction can be defined as the difference between how customers expect to be treated and how they *perceive* they are treated. The sources of satisfaction are diverse and surprising. Companies have to help the customer receive value and a positive *experience* from the contact that is beyond the intrinsic nature or value of the product or service.

For example, a customer expects a business to maintain a clean environment, employ competent staff, provide quality products or services, accurately diagnose the customers' problem and affect a solution. These are table stakes. When the businessperson talks about competent staff, etc., he is talking about improving core services, not offering better customer services. To do that they can reduce the time customers wait for service, more personalized treatment and attention, user-friendly facilities, etc.

Customer services are a moving target. Once a company adds the value of reduced waiting time, for example, the service becomes part of the core services, that is, what customers expect. Therefore, any business that wants to win has to create constantly new and different ways to enable customers to realize value. Unfortunately, for the most part, companies do not ask the baby boomer and senior customer what he or she expects or values.

A Narrow Perspective

Locked into outmoded frames of reference and limited ways, many companies are ineffective in dealing with the changes that are necessary to improve services to the baby boomer and senior. The major reason for the gap is tunnel vision, or what we've come to call - "Aging Markets Myopia".

Achieving outstanding service to the baby boomer and senior customer is not simple. Compounding a difficult and formidable endeavor, are research findings that tell us that workers in general, have negative attitudes toward the baby boomer and senior. In addition, many companies have developed an "attitude" towards aging customers. Some would describe it as ageism.

To compound the situation even further, the negative or non-plus attitude towards the senior adult has become so pervasive, that it has blinded companies to the service and product development opportunities available for the 50+ populations. This group is very responsive to those companies that make it their "business" to get to know them.

Finally, some manager's have developed a paradigm that unfortunately pigeonholes the baby boomer and senior into a "Senior Service" or like program that results in the loss of those prospective customers who do not consider themselves as seniors, or in need of social or related services provided. Management does not deal with the product and service issues affecting Aging customers as top strategic issues.

Don't Allow Age to Determine your Approach to Aging Customer Markets

Today, management is allowing the *age of its current and future customers to determine its approach* to service design and delivery. *Age is the inappropriate focus.* Rather than designing services based on the segmentation of the age groups of its market, he/she should be concentrating

efforts on improving customer satisfaction through improved service to the major share of its total market. *Improved service will only come with a better understanding of the behavior of the baby boomer and senior customer and applying that knowledge to the business decision-making process.*

Generally, companies think good service is getting the customer through the sales and service process without a complaint. This does not address the need of strategically designing a product or service for ease of access or use by that segment of the market that is subject to the physical, psychological and emotional changes brought about by the aging process. Effective operating manuals, training, user-friendly facilities, inoffensive and sensitive communications, and molding the behavior of every employee that encounters the customer is essential. To respond to the service crises, companies need to develop a mind-set and focus that reflects the belief that whatever enhances baby boomer and senior customer services also enhances customer satisfaction for younger customers (however, the reverse is not true).

Change Your Frame of Reference (Paradigm Shift) - Who Are They?

Perhaps it's time that CEO's take off their blinders and begin to view the baby boomer and senior as he/she is. Current paradigms (frames of reference) regarding the baby boomer and senior population must be changed. Myths and stereotypes must be debunked if companies are to respond efficiently and effectively to the phenomenal growth of the 50+ populations. Revisiting some of the demographic changes leading to the phenomenon we have come to characterize as the aging of America is a good place to start to begin to change frames of reference. Consider that members of *the 50+ population*:

- Represent almost 34% of the total population (that's more than 63 million and estimates are that the population may be approximately 80 million by the year 2000, and 97 million by 2010)
- Have more discretionary income (wealth) than any other age group (total income is estimated to be \$900 billion)
- Control 70% of the total net worth of American households - \$7 trillion of wealth
- Own 80% of all money in savings and loan associations
- Spend more disproportionately to their numbers
- Are not fanatically loyal to brands
- Watch television more than any other age group
- Read newspapers more than any other age group
- Account for a dramatic 40% of total consumer demand

Physiological and Behavioral Changes

Gerontologists tell us that as we mature we are subject to a process that affects us all physically and psychologically. Understanding these changes can lead to improved services and increased net income or profit. According to noted psychologist Abraham Maslow, and experts in the field of aging, as we age we develop:

- A superior perception of reality
- Less interest in material things and more interest in things that lead to experiences

- Increased acceptance of self, others and nature
- Increased wisdom
- Higher capacity for humor
- Increased spontaneity
- Increased resistance to hyperbole (give them the facts)
- Greater freshness of appreciation
- Increased appreciation for friendships
- Increased desire to do for others
- Increased sense of fair play and fairness
- Increased creativity
- Changing manifestations of our value system

The successful companies are those who recognize the need to use new approaches to adapt to a changing demographic environment, and identify and act upon new opportunities in the baby boomer and senior market.

Management that takes the time to understand such concepts and theories as, life stage analysis, the findings of split brain research, and chronological v cognitive age, and *applies* that knowledge to business decision making, will significantly increase his/her chances of success in the baby boomer and senior population. Such knowledge will help the business to avoid costly service development and delivery mistakes, and improve the effectiveness of communications to that market.

As a growing market, aging customers play a major role in the future economic viability of most companies. Aging customers are not well served, however, and many needed services and products are lacking. Few companies have been willing to assume a leadership role. The timing for action is excellent.

Leadership Sets the Tone

The solution to the baby boomer and senior population service crisis is not to be found in a company's "Senior" or discount programs. The solution will not be found in the development, planning, marketing or advertisement departments. The solution to the problem of a distorted vision of the baby boomer and senior population must be first understood and determined in the Board Room, or in smaller companies, by the enlightened entrepreneur. Functional components of the organization will support the vision, goals and strategies established by the CEO and the Board.

The CEO, supported by his/her Board, must sponsor (Champion) the initiative *to change the culture* of the organization (to begin the process to change frames of reference). The solution begins when the CEO educates his/her Board about the impact of a maturing society on the delivery of company products/services (makes a compelling case), and secures commitment from the Board to support a change management program to shift paradigms within the organization regarding the baby boomer and senior population. To change organizational culture, the CEO must identify the desired direction, and set the course to get there. The small business entrepreneur needs to educate himself/herself to the changes brought about by aging, and take focused action to secure that segment of the market.

Strategic Thinking/Action

We began this article by describing a crisis in service to the baby boomer and senior customer. We'll end it by offering some suggestions to improve your position in the market and your long-term effectiveness. Through a process to change your frame of reference toward the baby boomer and senior, and the frame of reference of your employees, you can make significant progress and improve the position of your company, now and in the future. To begin the process, we suggest that the small business entrepreneur, and the leadership, including board members, the CEO and other executives of larger organizations:

- Know the physiological, psychological and emotional changes related to the aging process/baby boomer and senior population (education and knowledge). Understanding behavior is one of the most significant keys to success in this market.
- Be willing to change your frame of reference (paradigm shift). Don't let "Aging Market Myopia" interfere with an intelligent approach to the baby boomer and senior population.
- Critically think through your vision, goals, flexible strategies and service priorities to establish a common construct, set direction and sense of purpose. Planning and prioritizing are major components of product and service improvement to the baby boomer and senior customer. Incorporate your vision, goals and strategies for this segment of your market into your Total Quality Management or Continuous Quality Improvement efforts.
- Collaborate to shape a culture that makes superior service to the baby boomer and senior as natural as thinking. In larger organizations, surface a "Champion", and *empower* and *enable* him/her to take the action necessary to assure the vision, goals and strategies of a baby boomer and senior market improvement initiative are actualized. In smaller companies, the entrepreneur is the "Champion".
- Develop a culture; through managing the changes necessary, to support the belief that the service delivery staffs are the most important people in the organization -since it is they who serve the customer. The environment you create for the staff is the world they will create for the customer.
- Know your internal capabilities, and declare war on bureaucracy. Do not allow individual program agenda's to control your approach to the baby boomer and senior population. Begin the process of analyzing your organizations service or product delivery or distribution system with the goal of responding to the life satisfactions needs of this population, and reducing the fragmented approach to this market.
- Know the baby boomer and senior population's needs and desires. Identify the service gaps. Qualitative and quantitative research is the second most significant key to a workable product or service improvement strategy.
- Apply your acquired knowledge to operations management, product and service planning and decision-making. Avoid using the *age* of the target market as *the* determining factor for product/service development or modification. Use your knowledge of Life Stage theory to determine your approach to service and product improvement. Include members of the baby boomer and senior population in your design, delivery and communications development process.
- Question your approach to communicating with the baby boomer and senior populations. Consider perception, values and physical changes of the target market in your deliberations. Apply the findings of "Split Brain", and "Cognitive v. Chronological Age" research, as well

as other research findings on aging, to your communications efforts. Consider the age of those in your organization responsible for communications to the baby boomer and senior markets. Generally, younger people/staff cannot empathize with the baby boomer and senior population.

- Educate and train your staff to sensitize them to the physiological, psychological and emotional changes brought about by aging. The training should be designed to translate such knowledge into product and service development and service, sales, and market planning improvement techniques. Training should be constant, intense, lavish and universal.
- Consider physical facility improvement programs. Tactical actions are relatively simple to implement to create a friendly and appealing environment.

Multi-dimensional and complex, the solution to "Aging Markets Myopia" must begin with education, understanding and commitment. Action on the first six points is a prerequisite to undertaking the last five. Few groups offer as much potential as the baby boomer and senior population. Your success or failure is tied directly to your frame of reference and the strategic approach you take. You can view service to the baby boomer and senior as an opportunity or an unavoidable requirement - the choice is yours.

Biographical note: Jim Gilmartin is president of Wheaton, IL based *Coming of Age, Incorporated*. Established in 1991, the full service integrated marketing firm specializes in helping clients to increase leads and sales in baby boomer and senior customer markets. The firm provides clients' marketing communications, full advertising agency services and public & media relations' services. The firm also provides clients sales and service improvement training and turnkey Customer Loyalty/Affinity Clubs.

Jim is a frequent speaker at sales and marketing conferences, leadership/management retreats and association meetings. He currently teaches marketing and management seminars at the *University of Chicago* and is on the faculty of the *Bank Administration Institute's* Graduate School. He can be reached at 630-462-7100 or e-mail him at jimgilmartin@comingofage.com.
